

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Casco Township	County Allegan
Fiscal Year End June 30, 2006	Opinion Date October 27, 2006	Date Audit Report Submitted to State December 26, 2006	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

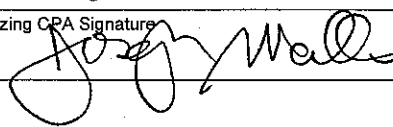
YES
NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input checked="" type="checkbox"/>			
The letter of Comments and Recommendations	<input type="checkbox"/>			
Other (Describe)	<input type="checkbox"/>			
Certified Public Accountant (Firm Name) Siegfried Crandall P.C.		Telephone Number (269) 381-4970		
Street Address 246 East Kilgore Road		City Kalamazoo	State MI	Zip 49002
Authorizing CPA Signature 		Printed Name Joseph M. Walls		License Number 1101013696

Township of Casco
Allegan County, Michigan
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
Year ended June 30, 2006

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INDEPENDENT AUDITORS' REPORT

**Board of Trustees
Township of Casco, Michigan**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Casco, Michigan, as of June 30, 2006, and for the year then ended, which collectively comprise the Township of Casco, Michigan's basic financial statements, as listed in the contents. These financial statements are the responsibility of the Township of Casco, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Casco, Michigan, as of June 30, 2006, and the respective changes in financial position for the year then ended in conformity with U.S. generally accepted accounting principles.

The budgetary comparison information, on pages 17 through 20, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it. The Township of Casco, Michigan has not presented the management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the financial statements.

Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise the Township of Casco, Michigan's basic financial statements. The supplementary information, as listed in the contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Township of Casco, Michigan. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Sigfried Crandall P.C.

October 27, 2006

BASIC FINANCIAL STATEMENTS

Township of Casco
STATEMENT OF NET ASSETS
June 30, 2006

	<u>Governmental activities</u>
ASSETS	
Current assets:	
Cash	\$ 1,238,912
Receivables	278,608
Prepaid expenses	<u>10,767</u>
Total current assets	<u>1,528,287</u>
Noncurrent assets:	
Receivables	1,636,960
Long-term advance to other governmental units	443,297
Capital assets not being depreciated - land	72,830
Capital assets, net of accumulated depreciation	<u>188,555</u>
Total noncurrent assets	<u>2,341,642</u>
Total assets	<u>3,869,929</u>
LIABILITIES	
Current liabilities:	
Accounts payable	137,908
Current maturities of long-term debt	<u>140,000</u>
Total current liabilities	277,908
Noncurrent liabilities - long-term debt	<u>1,643,128</u>
Total liabilities	<u>1,921,036</u>
NET ASSETS	
Invested in capital assets	261,385
Restricted for:	
Public safety	513,252
Public works	201,964
Unrestricted, unallocated	<u>972,292</u>
Total net assets	<u>\$ 1,948,893</u>

See notes to financial statements

Township of Casco
STATEMENT OF ACTIVITIES
Year ended June 30, 2006

	<u>Program revenues</u>				<u>Net (expenses) revenues and changes in net assets</u>
	<u>Expenses</u>	<u>Charges for services</u>	<u>Operating grants and contributions</u>	<u>Capital grants and contributions</u>	<u>Governmental activities</u>
Functions/Programs					
Governmental activities:					
Legislative	\$ 4,050	\$ -	\$ -		\$ (4,050)
General government	204,797	95,098	-		(109,699)
Public safety	250,544	62,714	-		(187,830)
Public works	194,954	2,912	5,591	43,317	(143,134)
Health and welfare	156,778	-	-		(156,778)
Community and economic development	83,602	9,862	-		(73,740)
Recreation and culture	3,424	-	-		(3,424)
Interest on long-term debt	<u>118,054</u>	<u>118,054</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>\$ 1,016,203</u>	<u>\$ 288,640</u>	<u>\$ 5,591</u>	<u>\$ 43,317</u>	<u>(678,655)</u>
General revenues:					
Taxes					651,437
State grants					214,209
Investment income					<u>80,836</u>
Total general revenues					<u>946,482</u>
Change in net assets					267,827
Net assets - beginning					<u>1,681,066</u>
Net assets - ending					<u>\$ 1,948,893</u>

See notes to financial statements

Township of Casco
BALANCE SHEET - governmental funds
June 30, 2006

	<u>General</u>	<u>Road</u>	<u>Fire and Ambulance</u>
ASSETS			
Cash	\$ 527,273	\$ 266,899	\$ 444,740
Receivables	76,145	-	-
Due from other funds	63,448	16,088	1,450
Prepaid expenses	10,767	-	-
Long-term advance to other governments	443,297	-	-
	<u>443,297</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 1,120,930</u>	<u>\$ 282,987</u>	<u>\$ 446,190</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 64,038	\$ 17,575	\$ -
Due to other funds	17,538	63,448	-
Deferred revenue	20,600	-	-
	<u>102,176</u>	<u>81,023</u>	<u>-</u>
Total liabilities	<u>102,176</u>	<u>81,023</u>	<u>-</u>
Fund balances:			
Reserved for long-term advance	443,297	-	-
Reserved for building inspections	67,062		
Unreserved, undesignated	508,395	201,964	446,190
	<u>1,018,754</u>	<u>201,964</u>	<u>446,190</u>
Total fund balance	<u>1,018,754</u>	<u>201,964</u>	<u>446,190</u>
Total liabilities and fund balances	<u>\$ 1,120,930</u>	<u>\$ 282,987</u>	<u>\$ 446,190</u>

Total fund balances - governmental funds

Amounts reported for *governmental activities* in the statement of net assets (page 5) are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds

Long-term liabilities, including contracts payable, are not due and payable in the current period and, therefore, are not reported in the funds.

Net assets of governmental funds

<i>Debt Service</i>	<i>Other governmental funds</i>	<i>Totals</i>
\$ -	\$ -	\$ 1,238,912
1,839,423	-	1,915,568
-	-	80,986
-	-	10,767
-	-	443,297
<u>\$ 1,839,423</u>	<u>\$ -</u>	<u>\$ 3,689,530</u>

\$ -	\$ -	\$ 81,613
-	-	80,986
<u>1,839,423</u>	<u>-</u>	<u>1,860,023</u>
<u>1,839,423</u>	<u>-</u>	<u>2,022,622</u>
-	-	443,297
-	-	67,062
<u>-</u>	<u>-</u>	<u>1,156,549</u>
<u>-</u>	<u>-</u>	<u>1,666,908</u>
<u>\$ 1,839,423</u>	<u>\$ -</u>	<u>\$ 3,689,530</u>
		\$ 1,666,908

261,385

1,803,728

(1,783,128)

\$ 1,948,893

See notes to financial statements

Township of Casco**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - governmental funds**

Year ended June 30, 2006

	<u>General</u>	<u>Road</u>	<u>Fire and Ambulance</u>	<u>Debt Service</u>
REVENUES				
Taxes	\$ 139,292	\$ 154,959	\$ 357,953	\$ -
Licenses and permits	62,714	-	-	-
State grants	219,800	-	-	-
Charges for services	29,096	-	-	-
Interest and rentals	56,577	5,602	12,157	122,734
Other	9,128	-	-	195,919
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total revenues	516,607	160,561	370,110	318,653
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
EXPENDITURES				
Legislative	4,050	-	-	-
General government	193,150	-	-	-
Public safety	39,892	-	210,652	-
Public works	100,883	44,902	-	-
Health and welfare	-	-	90,297	-
Community and economic development	83,318	-	-	-
Recreation and culture	3,424	-	-	-
Debt service:				
Principal	-	-	-	195,919
Interest	-	-	-	122,734
Capital outlay	3,397	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenditures	428,114	44,902	300,949	318,653
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	88,493	115,659	69,161	-
FUND BALANCES - BEGINNING	930,261	86,305	377,029	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
FUND BALANCES - ENDING	<u>\$ 1,018,754</u>	<u>\$ 201,964</u>	<u>\$ 446,190</u>	<u>\$ -</u>

<i>Other governmental funds</i>	<i>Totals</i>
\$ 66,481	\$ 718,685
-	62,714
-	219,800
-	29,096
-	197,070
-	205,047
<u>66,481</u>	<u>1,432,412</u>
-	4,050
-	193,150
-	250,544
-	145,785
66,481	156,778
-	83,318
-	3,424
-	195,919
-	122,734
-	3,397
<u>66,481</u>	<u>1,159,099</u>
-	273,313
-	1,393,595
<u>\$ -</u>	<u>\$ 1,666,908</u>

See notes to financial statements

Township of Casco

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - *governmental funds***

Year ended June 30, 2006

	<u>Total governmental funds</u>
Net change in fund balances - total governmental funds	\$ 273,313
<p>Amounts reported for <i>governmental activities</i> in the statement of activities (page 6) are different because:</p>	
<p>Governmental funds report capital outlays as expenditures. The cost of these assets are allocated over their estimated useful lives as depreciation expense in the statement of activities. This is the amount by which depreciation exceeded capital outlays in the current period.</p>	
	(14,386)
<p>Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds. Deferred revenues increased (decreased) by this amount this year:</p>	
Special assessments	(152,602)
Interest on long-term advances to other governmental units	8,900
<p>Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.</p>	
	<u>152,602</u>
Change in net assets of <i>governmental activities</i>	<u>\$ 267,827</u>

See notes to financial statements

Township of Casco
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies of the Township of Casco, Michigan (the Township), conform to U.S. generally accepted accounting principles (hereinafter referred to as generally accepted accounting principles) as applicable to governments. The following is a summary of the more significant policies.

a) Reporting entity:

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, these financial statements present the Township. The criteria established by the GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included. The Township has determined that no outside agency meets the above criteria and, therefore, no outside agency has been included as a blended or discretely-presented component unit in the Township's financial statements.

b) Government-wide and fund financial statements:

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the Township. The effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

c) Measurement focus, basis of accounting, and financial statement presentation:

The government-wide financial statements are reported using the economic resources, measurement focus, and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources, measurement focus, and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township generally considers revenues to be available if they are expected to be collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Township of Casco
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

c) Measurement focus, basis of accounting, and financial statement presentation (continued):

State grants, licenses and permits, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable only when cash is received by the government.

The Township reports the following major governmental funds:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the Township, except those required to be accounted for in another fund. Revenues are primarily derived from property taxes and state shared revenue.

The Road Fund accounts for Township road improvements financed through property taxes.

The Fire and Ambulance Fund accounts for the operating contributions made to the joint venture described in Note 11.

The Debt Service Fund accounts for collection of assessments and interest, and the payment of long-term debt related to Water and Sewer improvements.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in the government-wide financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board (GASB).

The Township reports one fiduciary fund, its Tax Collection Fund, which accounts for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

d) Assets, liabilities, and net assets or equity:

i) *Bank deposits* - Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Pooled interest income is proportionately allocated to all funds.

ii) *Receivables* - In general, outstanding balances between funds are reported as "due to/from other funds." No allowance for uncollectible accounts has been recorded as the Township considers all receivables to be fully collectible.

iii) *Prepaid items* - Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

Township of Casco
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

d) Assets, liabilities, and net assets or equity (continued):

iv) *Capital assets* - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, sidewalks, and similar items), are reported in the government-wide financial statements. Capital assets other than infrastructure are defined by the Township as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Governments can elect to account for infrastructure assets either retroactively to June 15, 1980, or prospectively. The Township elected to account for infrastructure assets prospectively, beginning July 1, 2003.

Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings	40 years
Equipment	5 - 7 years
Shared road costs	20 years

v) *Deferred revenue* - In the fund financial statements, deferred revenue currently consists of amounts unavailable for revenue recognition, in that these amounts are not expected to be received within 60 days of the end of the fiscal year.

v) *Fund equity* - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

vi) *Property tax revenue recognition* - Property taxes are levied as of December 1 on property values assessed as of December 31 of the prior year. The billings are due on or before February 14, after which time the bill becomes delinquent and penalties and interest may be assessed by the Township. Property tax revenue is recognized in the year for which taxes have been levied and become available. The Township levy date is December 1, and, accordingly, the total levy is recognized as revenue in the current year.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

Budgetary information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. The budget document presents information by fund, function, department and line items. The legal level of budgetary control adopted by the governing body is the activity level. Amounts encumbered for purchase orders, contracts, etc., are tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

Township of Casco
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued):

The following schedule sets forth significant budget variations:

<u>Fund</u>	<u>Function</u>	<u>Activity</u>	<u>Total appropriation</u>	<u>Total expenditures</u>	<u>Variance</u>
General	General government	Assessor	\$ 28,000	\$ 29,358	\$ 1,358
	Public works	Airport	27,500	30,370	2,870
	Recreation and culture	Other	2,424	3,424	1,000
Fire and Ambulance	Public safety	Fire protection	203,500	210,652	7,152
Hospital	Health and welfare	Hospital	-	40,041	40,041

NOTE 3 - CASH:

State statutes and the Township's investment policy authorize the Township to make deposits in the accounts of federally-insured banks, credit unions, and savings and loan associations. The Township's deposits are in accordance with statutory authority.

Custodial credit risk is the risk that, in the event of the failure of a financial institution, the Township will not be able to recover its deposits. Deposits are exposed to custodial credit risk if they are not covered by federal depository insurance and are uncollateralized. At June 30, 2006, \$1,140,048 of the Township's bank balances of \$1,240,048 was exposed to custodial credit risk because it was uninsured and uncollateralized.

The Township believes that it is impractical to insure all bank deposits due to the amounts of the deposits and the limits of FDIC insurance. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the risk level of each institution. Only the institutions with an acceptable estimated risk level are used as depositories.

NOTE 4 - RECEIVABLES:

Receivables as of year end for the Township's individual major funds are as follows:

<u>Fund</u>	<u>Accounts</u>	<u>Inter- governmental</u>	<u>Special assessments</u>	<u>Interest</u>	<u>Total</u>
General	\$ 5,670	\$ 70,475	\$ -	\$ -	\$ 76,145
Debt service	-	-	1,783,128	56,295	1,839,423
Totals	\$ 5,670	\$ 70,475	\$ 1,783,128	\$ 56,295	\$ 1,915,568
Non-current portion	\$ -	\$ -	\$ 1,636,960	\$ -	\$ 1,636,960

All receivables are considered to be fully collectible.

Township of Casco
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6 - CAPITAL ASSETS:

Capital asset activity for the year ended June 30, 2006, was as follows:

	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Governmental activities:				
Capital assets not being depreciated - land	\$ 72,830	\$ -	\$ -	\$ 72,830
Capital assets being depreciated:				
Buildings	242,000	-	-	242,000
Infrastructure - shared road costs	88,144	-	-	88,144
Equipment	41,494	-	-	41,494
Subtotal	371,638	-	-	371,638
Less accumulated depreciation for:				
Buildings	131,000	6,000	-	137,000
Infrastructure	3,720	5,852	-	9,572
Equipment	33,977	2,534	-	36,511
Subtotal	168,697	14,386	-	183,083
Total capital assets being depreciated, net	202,941	(14,386)	-	188,555
Governmental activities capital assets, net	\$ 275,771	\$ (14,386)	\$ -	\$ 261,385

Depreciation expense was charged to functions of the Township as follows:

Governmental activities:	
General government	\$ 8,250
Public works	5,852
Community and economic development	284
Total governmental activities	<u>14,386</u>

Township of Casco
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 7 - LONG-TERM LIABILITIES:

Long-term debt at June 30, 2006, is comprised of the following individual issues:

Contracts payable:

\$800,728 1995 water and sewer assessments, due to Allegan County in annual installments through 2015; interest at approximately 6.2%	\$ 273,895
\$776,261 1998 water and sewer assessments, due to Van Buren County in annual installments through 2019; interest at approximately 5.8%	344,617
\$1,606,818 2000 water and sewer assessments, due to Van Buren County in annual installments through 2021; interest at approximately 6.3%	980,423
\$286,789 contracts payable, due to South Haven and Casco Township Water and Wastewater Treatment Authority in various annual installments; interest at approximately 6.0%	<u>184,193</u>
Total contracts payable	<u>\$1,783,128</u>

Long-term liability activity for the year ended June 30, 2006, was as follows:

	<i>Beginning balance</i>	<i>Additions</i>	<i>Reductions</i>	<i>Ending balance</i>	<i>Amounts due within one year</i>
Contracts payable:					
1995	\$ 311,403	\$ -	\$ 37,508	\$ 273,895	\$ 29,773
1998	399,974	-	55,357	344,617	28,146
2000	1,055,785	-	75,362	980,423	69,122
Unbonded	<u>168,568</u>	<u>43,317</u>	<u>27,692</u>	<u>184,193</u>	<u>19,127</u>
Total long term liabilities	<u>\$ 1,935,730</u>	<u>\$ 43,317</u>	<u>\$ 195,919</u>	<u>\$ 1,783,128</u>	<u>\$ 146,168</u>

Township of Casco
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 8 - LONG-TERM LIABILITIES (Continued):

Debt service requirements at June 30, 2006, were as follows:

<u>Year ended June 30</u>	<u>Principal</u>	<u>Interest</u>
2007	\$ 146,168	\$ 109,661
2008	146,168	100,678
2009	146,168	91,697
2010	146,168	82,714
2011	146,168	73,733
2012 - 2016	699,928	233,933
2017 - 2021	<u>352,360</u>	<u>53,351</u>
Totals	<u>\$ 1,783,128</u>	<u>\$ 745,767</u>

The Township is contingently liable for \$6,534,054 of outstanding water and sewer system contracts payable in excess of the amounts which are to be repaid from collections of special assessments currently levied against properties within the Township. The Township has pledged its full faith and credit toward the total amounts due and anticipates that additional future assessments and other customer charges will be used to pay the contract liabilities:

NOTE 9 - INTERFUND RECEIVABLES AND PAYABLES:

At June 30, 2006, the composition of interfund balances is as follows:

<u>Fund</u>	<u>Receivables</u>	<u>Fund</u>	<u>Payables</u>
General	\$ 63,448	Road	\$ 63,448
Fire and ambulance	1,450	General	1,450
Road	<u>16,088</u>	General	<u>16,088</u>
Total	<u>\$ 80,986</u>	Total	<u>\$ 80,986</u>

The amount due to the General Fund from the Road Fund represents short-term borrowing to cover road expenditures. The interfund balances due to the Fire and Ambulance and the Road Fund from the General Fund represent tax receipts held temporarily by the General Fund.

NOTE 10 - RISK MANAGEMENT:

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for each of these claims and is neither self-insured nor participates in a shared-risk pool. Settled claims relating to commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years

Charter Township of Casco
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 11 - JOINT VENTURE BALANCES AND TRANSACTIONS:

The Township, together with the Township of South Haven, established a joint water and sewage treatment authority under the provisions of Public Act 233 of 1955, in order to acquire and operate water and sewage treatment systems to benefit both townships. The Township has advanced \$443,297 for its share of the costs of the authority and anticipates reimbursement in the future, including interest of \$20,600.

The Township has joined the City of South Haven and the Townships of South Haven and Geneva in establishing a joint emergency services authority to provide fire and ambulance services in the authority's area of operation, which includes the Township of Casco. The operations of the emergency services authority are financed by taxes levied annually within the participating units of government. During the year ended June 30, 2006, the Township contributed \$300,219 toward the authority's operations.

The Township has joined the cities of South Haven and Bangor and the Townships of South Haven, Geneva, and Covert in establishing a joint regional airport authority to provide airfield services in the authority's area of operation, which includes the Township of Casco. The operations of the regional airport authority are financed by annual contributions within the participating units of government, as well as hangar rentals and fuel sales. During the year ended June 30, 2006, the Township contributed \$30,370 toward the authority's operations.

NOTE 12 - CONSTRUCTION CODE ACT:

A summary of construction code enforcement transactions for the year ended June 30, 2006, is as follows:

Revenues	\$ 47,683
Expenses	<u>39,892</u>
Excess of revenues over expenses	<u>\$ 7,791</u>

REQUIRED SUPPLEMENTARY INFORMATION

Township of Casco
BUDGETARY COMPARISON SCHEDULE - General Fund
Year ended June 30, 2006

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES				
Taxes	\$ 136,930	\$ 128,930	\$ 139,292	\$ 10,362
Licenses and permits	42,025	42,025	62,714	20,689
State grants	200,500	200,500	219,800	19,300
Charges for services	19,300	19,300	29,096	9,796
Interest and rentals	28,200	28,200	56,577	28,377
Other	3,600	3,600	9,128	5,528
Total revenues	<u>430,555</u>	<u>422,555</u>	<u>516,607</u>	<u>94,052</u>
EXPENDITURES				
Legislative	<u>4,750</u>	<u>4,750</u>	<u>4,050</u>	<u>700</u>
General government:				
Supervisor	23,100	23,100	21,121	1,979
Elections	8,800	8,800	2,965	5,835
Assessor	28,000	28,000	29,358	(1,358)
Clerk	33,700	35,200	31,552	3,648
Board of Review	1,750	1,950	1,460	490
Treasurer	31,300	32,350	26,761	5,589
Building and grounds	17,350	17,350	13,679	3,671
Cemetery	49,700	55,500	38,596	16,904
Other	16,400	44,900	27,658	17,242
Total general government	<u>210,100</u>	<u>247,150</u>	<u>193,150</u>	<u>54,000</u>
Public safety - building inspections	<u>37,000</u>	<u>40,800</u>	<u>39,892</u>	<u>908</u>
Public works:				
Transfer station	55,150	57,700	55,756	1,944
Airport authority	27,500	27,500	30,370	(2,870)
Drains	14,000	14,000	11,981	2,019
Street lights	5,100	6,600	2,776	3,824
Total public works	<u>101,750</u>	<u>105,800</u>	<u>100,883</u>	<u>4,917</u>
Community and economic development - planning and zoning	<u>81,500</u>	<u>115,156</u>	<u>83,318</u>	<u>31,838</u>

Township of Casco**BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)**

Year ended June 30, 2006

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
EXPENDITURES (Continued)				
Recreation and culture - other	<u>\$ 2,300</u>	<u>\$ 2,424</u>	<u>\$ 3,424</u>	<u>\$ (1,000)</u>
Capital outlay	<u>4,700</u>	<u>4,700</u>	<u>3,397</u>	<u>1,303</u>
Total expenditures	<u>442,100</u>	<u>520,780</u>	<u>428,114</u>	<u>92,666</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(11,545)</u>	<u>(98,225)</u>	<u>88,493</u>	<u>186,718</u>
FUND BALANCES - BEGINNING	<u>930,261</u>	<u>930,261</u>	<u>930,261</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 918,716</u>	<u>\$ 832,036</u>	<u>\$1,018,754</u>	<u>\$ 186,718</u>

Township of Casco
BUDGETARY COMPARISON SCHEDULE - Road Fund
Year ended June 30, 2006

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES				
Taxes	\$ 155,786	\$ 155,786	\$ 154,959	\$ (827)
Interest	<u>400</u>	<u>400</u>	<u>5,602</u>	<u>5,202</u>
Total revenues	156,186	156,186	160,561	4,375
EXPENDITURES				
Public works	<u>148,000</u>	<u>148,000</u>	<u>44,902</u>	<u>103,098</u>
EXCESS OF REVENUES OVER EXPENDITURES	8,186	8,186	115,659	107,473
FUND BALANCES - BEGINNING	<u>86,305</u>	<u>86,305</u>	<u>86,305</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 94,491</u>	<u>\$ 94,491</u>	<u>\$ 201,964</u>	<u>\$ 107,473</u>

Township of Casco**BUDGETARY COMPARISON SCHEDULE - Fire and Ambulance Fund**

Year ended June 30, 2006

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES				
Taxes	\$ 309,000	\$ 309,000	\$ 357,953	\$ 48,953
Interest	500	500	12,157	11,657
Total revenues	<u>309,500</u>	<u>309,500</u>	<u>370,110</u>	<u>60,610</u>
EXPENDITURES				
Public safety - fire protection	203,500	203,500	210,652	(7,152)
Health and welfare - ambulance	<u>97,760</u>	<u>97,760</u>	<u>90,297</u>	<u>7,463</u>
Total expenditures	<u>301,260</u>	<u>301,260</u>	<u>300,949</u>	<u>311</u>
EXCESS OF REVENUES OVER EXPENDITURES	8,240	8,240	69,161	60,921
FUND BALANCES - BEGINNING	<u>377,029</u>	<u>377,029</u>	<u>377,029</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 385,269</u>	<u>\$ 385,269</u>	<u>\$ 446,190</u>	<u>\$ 60,921</u>

SUPPLEMENTARY INFORMATION

Township of Casco
COMBINING BALANCE SHEET - nonmajor governmental funds
June 30, 2006

	<u>Special revenue funds</u>		<u>Total nonmajor governmental funds</u>
	<u>Hospital</u>	<u>Senior Services</u>	
ASSETS			
Cash	\$ -	\$ -	\$ -
LIABILITIES AND FUND BALANCES			
Liabilities - accounts payable	\$ -	\$ -	\$ -
Fund balances - unreserved	-	-	-
Total liabilities and fund balances	\$ -	\$ -	\$ -

Township of Casco

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - *nonmajor governmental funds***

Year ended June 30, 2006

	<u>Special revenue funds</u>		<i>Total</i>
	<u>Hospital</u>	<u>Senior Services</u>	<i>nonmajor governmental funds</i>
REVENUES			
Taxes	\$ 40,041	\$ 26,440	\$ 66,481
EXPENDITURES			
Health and welfare	<u>40,041</u>	<u>26,440</u>	<u>66,481</u>
EXCESS OF REVENUES OVER EXPENDITURES	-	-	-
FUND BALANCES - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>